

CITY OF COUNCIL GROVE

MORRIS COUNTY, KANSAS

INDEPENDENT AUDITORS' REPORT AND
REGULATORY BASIS FINANCIAL STATEMENT
YEAR ENDED DECEMBER 31, 2016

ALDRICH AND COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS
COUNCIL GROVE, KANSAS 66846

City of Council Grove
Morris County, Kansas

REGULATORY BASIS FINANCIAL STATEMENT
Year Ended December 31, 2016

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Independent Auditors' Report

To the Mayor and City Council
City of Council Grove, Kansas

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of the City of Council Grove, Kansas, a Municipal Financial Reporting Entity, as of and for the year ended December 31, 2016 and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the Kansas Municipal Audit and Accounting Guide as described in Note 1; this includes determining that the regulatory basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the Kansas Municipal Audit and Accounting Guide. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statement, the City of Council Grove, Kansas prepared this financial statement to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Council Grove, Kansas, as of December 31, 2016, or the changes in its financial position and cash flows for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of the City of Council Grove, Kansas, as of December 31, 2016, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the Kansas Municipal Audit and Accounting Guide described in Note 1.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and disbursements-agency funds, and schedule of regulatory basis receipts and expenditures-actual-related municipal entity (Schedules 1, 2, 3 and 4 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, but are required to be presented under the provisions of the Kansas Municipal Audit and Accounting Guide. In addition, certain prior year actual information has been presented for a comparative analysis and is not a required part of the basic financial statement. This comparative information has been derived from the City's 2015 basic financial statement and, in our report dated July 20, 2016, we expressed an unmodified opinion on the financial statement and respective schedules, taken as a whole, on the regulatory basis of accounting. The 2015 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the website of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. All supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2015 and 2016 basic financial statement. The 2015 and 2016 information has been subjected to the auditing procedures applied in the audit of the 2015 or 2016 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2015 and 2016 information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note 1.

Aldrich & Company, LLC

Aldrich & Company LLC
Certified Public Accountants
June 19, 2017

The City of Council Grove
Morris County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2016

Fund	Beginning Unencumbered Cash Balance	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 1,544,407	\$ 2,941,344	\$ 2,907,919	\$ 1,577,832	\$ 256,586	\$ 1,834,418
Special Purpose Funds						
Industrial Development	2,398	14,534	14,534	2,398	0	2,398
Library	11,949	72,661	72,661	11,949	0	11,949
Library Benefits	1,666	29,188	29,188	1,666	0	1,666
Special Highway	126,904	55,595	22,207	160,292	0	160,292
Special Recreation	10,953	1,583	8,540	3,996	133	4,129
Employee Benefits	17,666	1,816	13,793	5,689	0	5,689
Highway Maintenance	50,063	21,555	0	71,618	0	71,618
Diversion	5,802	1,150	1,500	5,452	0	5,452
Equipment Reserve	269,001	78,236	96,834	250,403	0	250,403
Computer Tech & Equipment Fund	12,401	5,291	7,020	10,672	0	10,672
Capital Improvement Reserve	401,658	116,881	40,163	478,376	0	478,376
Bond and Interest Fund						
Bond and Interest Fund	5,430	3,917	0	9,347	0	9,347
Capital Projects Fund						
Capital Projects	(31,320)	126,595	168,145	(72,870)	0	(72,870)
Business Funds						
Water	393,765	710,950	724,351	380,364	16,690	397,054
Maintenance Reserve	193,797	15,000	35,766	173,031	18,880	191,911
Water Bond Reserve	88,500	0	0	88,500	0	88,500
Sewer	304,978	241,821	209,068	337,731	2,701	340,432
Sewer Reserve	166,361	20,000	0	186,361	0	186,361
Refuse	4,683	145,577	142,489	7,771	11,585	19,356
Trust Fund						
Cemetery Endowment	89,745	1,050	0	90,795	0	90,795
Related Municipal Entity						
Public Building Commission	313,500	214,100	214,100	313,500	0	313,500
Total Reporting Entity(Excluding Agency Funds)	<u>\$ 3,984,307</u>	<u>\$ 4,818,844</u>	<u>\$ 4,708,278</u>	<u>\$ 4,094,873</u>	<u>\$ 306,575</u>	<u>\$ 4,401,448</u>

The accompanying notes are an integral part of this statement.

The City of Council Grove
Morris County, Kansas

Summary Statement of Receipts, Expenditures, and Unencumbered Cash
Regulatory Basis
For the Year Ended December 31, 2016

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
Total Reporting Entity(Excluding Agency Funds)	<u>\$ 3,984,307</u>	<u>\$ 4,818,844</u>	<u>\$ 4,708,278</u>	<u>\$ 4,094,873</u>	<u>\$ 306,575</u>	<u>\$ 4,401,448</u>

Composition of Cash:

Emprise Checking	\$ 458,691
Farmers & Drovers Money Market	2,690,418
Farmers & Drovers C.D.	1,254,052
Petty cash	200
Less: Agency Funds Schedule 3	(1,913)
	<u>\$ 4,401,448</u>

The accompanying notes are an integral part of this statement.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Municipal Financial Reporting Entity

The City of Council Grove is a governmental entity governed by a six member council and mayor. The City provides the following services: public safety (police and fire), streets, sanitation, water, recreation, public improvements, planning and zoning and general administrative services. The City operates two business activities; water and sewer. In addition, the city also contracts for solid waste collection.

This regulatory basis financial statement presents the City of Council Grove and the Council Grove Public Building Commission (PBC). The Council Grove Public Building Commission, is a related municipal entity of the City of Council Grove, Kansas, and was organized in June 2012 pursuant to K.S.A. 12-1757 et seq., as amended. The Public Building Commission board is comprised of the City Council and Mayor.

Regulatory Basis Fund Types

The accounts of the City are organized and operated on the basis of funds, which are used to record the City's financial transactions. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Cash and other financial resources are recorded together with all related expenditures. A fund is used to segregate specific activities and for the purpose of attaining certain objectives in accordance with special regulations, restrictions, or limitations including State Statutes and City Ordinances. The following types of funds comprise the financial activities of the City.

Governmental Funds:

General Fund -- The General Fund is the chief operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Purpose Funds -- Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific regulatory receipt sources (other than capital projects and tax levies for long-term debt) that are intended for specified purposes.

Bond and Interest Fund -- Bond and Interest Funds are used to account for the accumulation of resources, including tax levies, transfers from other funds and payment of general long-term debt.

Capital Project Fund -- Capital Project Funds are used to account for the debt proceeds and other financial resources to be used for acquisition or construction of major capital facilities or equipment.

Business Funds:

Business Funds -- Business Funds are financed in whole or in part by fees charged to users of the goods or services.

Trust Funds: Trust Funds are used to report assets held in trust for the benefit of the municipal financial reporting entity.

Agency Funds: Agency Funds are used to report assets held by the city in a purely custodial capacity.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America

The Kansas Municipal Audit and Accounting Guide (KMAAG) regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The City approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the City to use the regulatory basis of accounting.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in regulatory receipts other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held, and the governing body may amend the budget at that time. There were no such amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the regulatory basis of accounting in which, regulatory receipts are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for the prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for capital projects funds, trust funds and the following business and special purpose funds: Equipment Reserve Funds, Capital Improvement Reserve, Water Maintenance Reserve, Sewer Reserve, and Water Bond Reserve.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Compliance with Finance-Related Legal and Contractual Provisions

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and Reports and legal representatives of the municipality.

K.S.A 10-1113 requires that no indebtedness be created for a fund in excess of available monies in the fund. The capital projects fund had a negative balance at December 31, 2016, however, this was due to a project in which the reimbursing grant of \$72,870 was received in 2017. This is an allowable exception.

K.S.A. 79-2935 requires that expenditures be controlled so that no indebtedness is created in excess of budgeted fund limits. The employee benefits fund for the library exceeded its' budget by \$3,285.

K.S.A. 9-1402 and 9-1405 require that the city's deposits be adequately secured at all times. At year end, the city was undersecured by \$7,609.

Management is not aware of any other items of noncompliance with Kansas statutes or contracts.

NOTE 3 - CASH AND DEPOSITS

K.S.A. 9-1401 establishes the depositories which may be used by the City. The statute requires banks eligible to hold the City's funds have a main or branch bank in the county in which the City is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The City has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the City's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The City has no investment policy that would further limit its investment choices.

Concentration of credit risk

State statutes place no limit on the amount the City may invest in any one issuer as long as the investments are adequately secured under 9-1402 and 9-1405.

Custodial credit risk – deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require the City's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were not legally secured at December 31, 2016.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 3 - CASH AND DEPOSITS

Custodial credit risk – deposits

The City maintains a cash pool that is available for use by all funds. At year-end, the carrying amount of the city's deposits, including certificates of deposit, was \$4,403,161. The bank balance was \$4,428,223. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance, \$500,000 was covered by FDIC insurance, \$3,920,614 was collateralized with securities held by the pledging financial institutions' agents in the City's name, and \$7,609 was unsecured. The third party bank is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the city, the pledging bank, and the independent third party bank holding the pledged securities. The city held no investments at December 31, 2016.

NOTE 4 - PROPERTY TAXES

The City certifies its' budget to the county clerk annually. Using this certified budget and those of other political subdivisions within the county, the county clerk spreads the annual assessment onto the tax rolls and levies property tax on November 1 of each year. The property tax is payable in two installments. The first installment is due December 20 of the same year. The second installment is due May 10 of the subsequent year. The county collects and distributes the property taxes. In accordance with state statutes, property taxes levied during the current year are a revenue source to be used to finance the following year's operations. Undistributed taxes from the prior year levy are recognized as income in the current year. It is not practicable to apportion delinquent taxes held by the county treasurer at year end and, further, the amounts are not material in relationship to the financial statement taken as a whole.

NOTE 5 - FUND TRANSFERS

The City transferred monies between funds as allowed by applicable Kansas statutes. The following schedule details transfers made in 2016.

Transferred from:	Transferred to:	Statute	Amount
General	Equipment Reserve	12-1,117	\$38,537
General	Capital Improvement	12-1,118	52,000
Water	Equipment Reserve	12-1,117	23,500
Sewer	Equipment Reserve	12-1,117	10,000
Water	Water Reserve	12-825d	15,000
Sewer	Sewer Reserve	12-825d	20,000
Water	Capital Improvement	12-1,118	20,000
Refuse	Computer/Tech & Equip Fund	12-825d	5,291

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description

The City of Council Grove, Kansas participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. KPERs' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERs website at www.kpers.org or by

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description

writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1 and KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate through March 31, 2016 with a 0% moratorium until June 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 9.18% for the fiscal year ended December 31, 2016. Contributions to the pension plan from the City were \$84,377 for the year ended December 31, 2016.

Net Pension Liability

At December 31, 2016, the City's proportionate share of the collective net pension liability reported by KPERS was \$744,137. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. The City's proportion of the net pension liability was based on the ratio of the City's contributions to KPERS, relative to the total employer and nonemployer contributions of the Local subgroup within KPERS. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers.org or can be obtained as described above.

NOTE 7 – DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan ("plan") created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until employment termination, retirement, death, or unforeseeable emergency. Plan assets are transferred to a plan agent in a custodial trust.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts shall be held in trust for the exclusive benefit of participants and their beneficiaries. All such amounts shall not be subject to the claims or the employer's general creditors.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 8 – OTHER LONG-TERM OBLIGATIONS FROM OPERATIONS

Compensated Absences

The City's policies regarding vacation and sick leave permit employees to accumulate a maximum of 6.16 hours of vacation pay and 3.69 hours of sick pay per pay period. No more than five days of vacation pay may be carried forward to the next anniversary year. Sick pay compensation at retirement is restricted to a maximum of thirty days and only if the employee worked at least ten years and is at least 55 years old. All accumulated vacation pay is payable upon employment termination. A maximum of seventy-five days of sick pay may be accumulated. Unused sick pay is forfeited upon employment termination other than retirement. Compensated absence payments are made from the fund that corresponds to the employees duties.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the City allows retirees to participate in the group health insurance plan until age 65. While each retiree pays the full amount of the applicable premium, conceptually, the City is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in this financial statement.

Under the consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

NOTE 9 - LONG-TERM DEBT

General Obligation Bonds

General obligation bonds, payable from future property tax revenues and special assessments, are serial bonds to be retired through calendar year 2025. At December 31, 2016, the bonds consisted of the following:

On February 20, 2013, the City's KDHE loan for water system improvements was refinanced with general obligation bonds. These Series 2013 bonds carry interest rates between .4% to 2.75%. Semi-annual interest payments are due starting August 1, 2013. The bonds mature annually starting August 1, 2013 with the last bond maturing on August 1, 2025.

Revenue Bonds

On December 12, 2012, the City issued 2012 Series bonds in the amount of \$885,000 for the purpose of making improvements to the water utility system. These Series 2012 bonds carry interest rates between .75% to 3.75%. Semi-annual interest payments are due starting January 1, 2014. The bonds mature annually starting July 1, 2014 with the last bond maturing on July 1, 2033. A local sales tax issue was approved by the citizens allowing for the payment of these bonds and other various uses.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 9 - LONG TERM DEBT (CONT)

KDOT loan

The City entered into a loan agreement with the Kansas Department of Transportation as of May 12, 2008 for a curb and gutter project on Washington Street. The loan is for \$703,261 and carries an interest rate of 3.99%. The city has dedicated sales tax proceeds from the general fund to finance the project, or in absence of sales tax revenues, they agree to levy tax sufficient for repayment. Interest payments are scheduled semi-annually, and principal payments are scheduled annually. Both interest and principal payments began on August 1, 2009.

KDHE loans

The City maintains a loan payable, secured by revenues derived from the operation of the sewer utility system payable to the Kansas Department of Health and Environment. Semi-annual payments of \$30,478 are scheduled. The loan carries an interest rate of 3.47%. Payments are made from the sewer fund.

In 2011, the City completed a project to improve the existing sewage system. The total project cost of 509,600 was financed with a loan from the Kansas Department of Health and Environment (KDHE). The loan with KDHE is funded partially with FFY 2010 federal funds and received principal forgiveness of \$76,440 in 2011 upon project completion. One semi-annual payment of \$16,343 was scheduled March 1, 2012 and thirty-nine semi-annual payments of \$13,825 beginning September 1, 2012 are scheduled. Payments are scheduled to be made from the sewer reserve fund. The loan carries an interest rate of 2.55%.

Lease Agreements

The city entered into a lease agreement for the purchase of a motor grader on June 22, 2010. Seven annual payments of \$27,625 are scheduled with a final payment of \$1. The first payment was made in June 2010. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments were made from the equipment reserve fund.

The city entered into a lease agreement for the purchase of a fire truck on February 9, 2015. Monthly payments of \$2,147 are scheduled for twelve years with a final payment of \$100. The first payment was made in February 2015. The lease terminates in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation, and the City must return the leased equipment to the lessor. Payments are being made from the equipment reserve fund and general fund.

The city entered into a lease agreement for the purchase of storm siren upgrades on October 14, 2015. Annual payments of \$8,082 are scheduled for three years. The first payment is scheduled in February 2017. The amended lease will terminate in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation.

The city entered into a lease agreement for the purchase of land on March 17, 2015. Three annual payments of \$10,000 are scheduled. The first payment was made in 2015. The lease will terminate in any budgeted year in which insufficient appropriated funds exist to meet the lease obligation.

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 9 - LONG-TERM DEBT (CONT)

Changes in long term liabilities for the year ended December 31, 2016 were as follows:

	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Payable January 1	Additions	Reductions/ Payments	Balance Payable December 31	Interest Paid
General Obligation Bonds:									
Series 2013 Water Imp Bds	.4%-2.75%	2/20/2013	1,645,000	8/1/2025	1,330,000	0	130,000	1,200,000	26,445
Revenue Bonds:									
Series 2012 Water Imp Bonds	.75%-3.75%	12/12/2012	885,000	7/1/2033	830,000	0	35,000	795,000	24,121
KDOT loan									
Washington Street Proj TR 0075	3.99%	5/12/2008	703,300	8/1/2027	482,857	0	34,237	448,620	19,266
KDHE loans									
KDHE Water Pollution Control									
Revolving Fund Revenues	3.47%	11/25/1996	878,230	9/1/2017	116,803	0	57,397	59,406	3,559
Revolving Fund Revenues	2.55%	7/1/2010	509,600	9/1/2031	361,403	0	18,552	342,851	9,098
Capital Leases:									
Motor grader	3.90%	6/22/2010	172,915	6/22/2016	26,590	0	26,590	0	1,035
Fire truck	2.70%	2/9/2015	264,516	2/9/2027	245,050	0	17,752	227,298	5,867
Storm sirens	0.00%	10/14/2015	24,246	2/1/2019	24,246	0	0	24,246	0
Real estate	0.00%	3/17/2015	30,000	4/1/2017	20,000	0	10,000	10,000	0
Related Municipal Entity									
Public Building Commission Bonds	.5%-3.75%	11/20/2012	3,135,000	6/1/2033	<u>2,940,000</u>	<u>0</u>	<u>130,000</u>	<u>2,810,000</u>	<u>84,110</u>
Total long-term debt					<u>\$ 6,376,949</u>	<u>\$ 0</u>	<u>\$ 459,528</u>	<u>\$ 5,917,421</u>	<u>\$ 173,501</u>

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 9 - LONG-TERM DEBT (CONT)

Current maturities on long term debt and interest for the next five years and in five year increments through maturity are as follows:

	2017	2018	2019	2020	2021	2022-2026	2027-2031	2032-2033	Total
Principal									
General Obligation Bonds:									
Series 2013 Water Bonds	130,000	130,000	135,000	135,000	140,000	530,000	0	0	1,200,000
Revenue Bonds:									
Series 2012 Water Imp Bonds	35,000	35,000	40,000	40,000	40,000	215,000	265,000	125,000	795,000
Other loans									
Washington St Proj	35,603	37,023	38,501	40,037	41,634	234,455	21,367	0	448,620
KDHE Water Pollution	59,406	0	0	0	0	0	0	0	59,406
KDHE Water Pollution	19,028	19,516	20,017	20,530	21,057	113,674	129,029	-	342,851
Capital leases									
Fire truck	19,873	20,417	20,975	21,548	22,138	120,104	2,243	0	227,298
Storm sirens	8,082	8,082	8,082	0	0	0	0	0	24,246
Real estate	10,000	0	0	0	0	0	0	0	10,000
Related Municipal Entity									
Public Building Commission	<u>130,000</u>	<u>130,000</u>	<u>135,000</u>	<u>140,000</u>	<u>140,000</u>	<u>775,000</u>	<u>930,000</u>	<u>430,000</u>	<u>2,810,000</u>
Total Principal	<u>446,992</u>	<u>380,038</u>	<u>397,575</u>	<u>397,115</u>	<u>404,829</u>	<u>1,988,233</u>	<u>1,347,639</u>	<u>555,000</u>	<u>5,917,421</u>
Interest									
General Obligation Bonds:									
Series 2013 Water Bonds	12,898	24,170	22,220	19,858	17,157	33,865	0	0	130,168
Revenue Bonds									
Series 2012 Water Imp Bonds	11,951	23,465	22,851	22,153	21,293	91,055	53,063	7,125	252,956
Other loans									
KDOT-Washington St Proj	17,900	16,479	15,002	13,466	11,869	33,059	852	0	108,627
KDHE Water Pollution	1,550	0	0	0	0	0	0	0	1,550
KDHE Water Pollution	8,622	8,134	7,633	7,119	6,593	24,574	9,220	0	71,895
Capital leases									
Fire truck	5,893	5,350	4,791	4,218	3,629	8,728	5	0	32,614
Storm sirens	0	0	0	0	0	0	0	0	0
Real estate	0	0	0	0	0	0	0	0	0
Related Municipal Entity									
Public Building Commission	<u>82,647</u>	<u>80,860</u>	<u>78,704</u>	<u>76,123</u>	<u>73,218</u>	<u>308,206</u>	<u>168,850</u>	<u>16,312</u>	<u>884,920</u>
Total Interest	<u>141,461</u>	<u>158,458</u>	<u>151,201</u>	<u>142,937</u>	<u>133,759</u>	<u>499,487</u>	<u>231,990</u>	<u>23,437</u>	<u>1,482,730</u>
Total Principal and Interest	<u>\$ 588,453</u>	<u>\$ 538,496</u>	<u>\$ 548,776</u>	<u>\$ 540,052</u>	<u>\$ 538,588</u>	<u>\$ 2,487,720</u>	<u>\$ 1,579,629</u>	<u>\$ 578,437</u>	<u>\$ 7,400,151</u>

City of Council Grove
Morris County, Kansas

NOTES TO THE FINANCIAL STATEMENT
December 31, 2016

NOTE 10 – PUBLIC BUILDING COMMISSION

The City created the Council Grove Public Building Commission (PBC) under K.S.A. 12-1757 during 2012 for the purpose of issuing debt for the constructing and equipping a swimming pool. The City council and mayor comprise the PBC board. Bonds were issued by the PBC in the amount of \$3,135,000.

The City entered into a lease with PBC to lease land to the PBC. The PBC issued bonds for the swimming pool project and subsequently leased the project to the city. Forty scheduled semiannual payments began on December 1, 2013. The bonds carry interest rates of .5% to 3.75% depending on the maturity date.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss including risks related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has been unable to obtain workers' compensation insurance at a cost it considered to be economically justifiable. For this reason the City joined together with other cities in the state to participate in the Kansas Municipal Insurance Trust (KMIT), a public entity risk pool currently operating as a common risk management and insurance program for 141 participating members.

The City pays an annual premium to KMIT for its worker's compensation insurance coverage. The City, along with other participating entities, contributes annual amounts as determined by KMIT management and underwriters. The agreement to participate provides that the KMIT will be self-sustaining through member premiums and currently holds \$3,000,000 of excess insurance with a specific retention of \$750,000. A member is only responsible for additional contributions to the KMIT trust which relate to claims arising out of occurrences in years in which the City is a member of the trust. As claims arise, they are submitted to and paid by KMIT.

The City continues to carry commercial insurance for all other risks of loss including property and liability insurance. There were no significant reductions in insurance coverage from coverage in place in prior years.

NOTE 12 – UTILITY DEPOSITS

The city requires utility deposits for city water services. Deposits are kept indefinitely until service is disconnected. Interest is paid annually and is credited to the individual's account. Refunds of deposit and interest are from the water fund.

NOTE 13 – LITIGATION CONTINGENCIES

The city is a party to various claims, none of which is expected to have a material financial impact on the city.

NOTE 14 – CAPITAL PROJECTS

The city is fundraising for the expansion of the Riverwalk Trail. A Kansas Department of Transportation (KDOT) grant of \$522,858 was received which requires a \$131,000 local match. In March 2016, the City sent the local match of \$131,000 to KDOT.

The city agreed to be the pass-through entity for a local CDBG project. The Hays House project began in 2015 and was completed in 2016. The cost of the project was \$181,692. Expenditures through December 31, 2016 were \$207,269, including \$25,577 returned to the Hays House. There was no cost to the city for this project.

REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION

The City of Council Grove
Morris County, Kansas

Schedule 1

Summary of Expenditures - Actual and Budget
Regulatory Basis
Budgeted Funds Only
For the Year Ended December 31, 2016

FUNDS	Certified Budget	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
General Fund	\$ 3,354,816		\$ 3,354,816	\$ 2,907,919	\$ (446,897)
Special Purpose Funds					
Industrial Development	15,523		15,523	14,534	(989)
Library	79,400		79,400	72,661	(6,739)
Library Benefits	25,903		25,903	29,188	3,285
Special Highway	203,592		203,592	22,207	(181,385)
Special Recreation	16,690		16,690	8,540	(8,150)
Employee Benefits	13,793		13,793	13,793	0
Highway Maintenance	71,604		71,604	0	(71,604)
Diversion	11,456		11,456	1,500	(9,956)
Bond & Interest Fund					
Bond and Interest Fund	0		0	0	0
Business Funds					
Water	823,645	0	823,645	724,351	(99,294)
Sewer	251,865		251,865	209,068	(42,797)
Refuse	150,000		150,000	142,489	(7,511)

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over Under
		Actual	Budget	(Under)
Receipts				
Taxes				
Morris County	\$ 704,121	\$ 752,442	\$ 746,094	\$ 6,348
City Sales taxes	690,032	696,417	630,000	66,417
Franchise taxes	130,415	127,410	140,000	(12,590)
Total Taxes	<u>1,524,568</u>	<u>1,576,269</u>	<u>1,516,094</u>	<u>60,175</u>
Intergovernmental Revenues				
Sales tax	159,682	158,158	154,000	4,158
Grants		0	0	0
Liquor tax	3,613	1,584	4,000	(2,416)
Total Intergovernmental	<u>163,295</u>	<u>159,742</u>	<u>158,000</u>	<u>1,742</u>
Miscellaneous				
Licenses and permits	59,103	48,267	50,000	(1,733)
Fines & forfeitures	17,091	24,861	18,000	6,861
Lake budget, transfer, and boundary fees	15,957	14,500	10,000	4,500
Reimbursed expenses	49,390	53,570	0	53,570
Pool concession, admissions and lessons	47,312	45,520	47,000	(1,480)
Recreation fees, donations, and concessions	18,933	49,101	24,000	25,101
Reimbursed expenses-payroll benefits	51,370	41,979	0	41,979
Sale of property	1,151	521	0	521
Miscellaneous	23,080	22,308	10,000	12,308
Total Miscellaneous	<u>283,387</u>	<u>300,627</u>	<u>159,000</u>	<u>141,627</u>
Use of Money and Property				
Interest	8,294	12,170	10,000	2,170
Hay crop	12,926	10,241	14,000	(3,759)
Fees for services	8,591	4,728	6,000	(1,272)
Rural fire contract	24,000	24,000	24,000	0
Cabin leases & tax reimbursements	966,494	853,567	421,800	431,767
Total Use of Money and Property	<u>1,020,305</u>	<u>904,706</u>	<u>475,800</u>	<u>428,906</u>
Operating Transfers				
Transfer from Sewer Fund	0	0	11,989	(11,989)
Transfer from Water Fund	0	0	15,000	(15,000)
Total Operating Transfers	<u>0</u>	<u>0</u>	<u>26,989</u>	<u>(26,989)</u>
Total Receipts	<u>\$ 2,991,555</u>	<u>\$ 2,941,344</u>	<u>\$ 2,335,883</u>	<u>\$ 605,461</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Expenditures				
General Administration				
Personal services	\$ 156,519	\$ 143,277	\$ 142,160	\$ 1,117
Contractual	93,172	88,270	80,750	7,520
Commodities	7,264	15,342	10,850	4,492
Capital outlay	1,500	804	0	804
Total General Administration	<u>258,455</u>	<u>247,693</u>	<u>233,760</u>	<u>13,933</u>
Police Department				
Personal services	271,668	300,496	274,311	26,185
Contractual	37,632	37,258	48,100	(10,842)
Commodities	19,177	14,772	26,350	(11,578)
Capital outlay	1,500	500	5,000	(4,500)
Total Police Department	<u>329,977</u>	<u>353,026</u>	<u>353,761</u>	<u>(735)</u>
Street Department				
Personal services	106,032	144,636	146,900	(2,264)
Contractual	41,776	48,574	45,400	3,174
Commodities	38,490	40,428	65,400	(24,972)
Capital outlay	29,050	14,216	39,500	(25,284)
Total Street Department	<u>215,348</u>	<u>247,854</u>	<u>297,200</u>	<u>(49,346)</u>
Swimming Pool				
Personal services	80,574	81,882	63,780	18,102
Contractual	31,772	30,329	30,000	329
Commodities	25,399	27,000	16,200	10,800
Capital outlay	0	708	0	708
Total Swimming Pool	<u>137,745</u>	<u>139,919</u>	<u>109,980</u>	<u>29,939</u>
City Parks				
Personal services	38,435	40,518	33,400	7,118
Contractual	29,172	37,626	32,500	5,126
Commodities	7,072	5,539	9,700	(4,161)
Capital outlay	7,646	2,971	5,000	(2,029)
Total City Parks	<u>\$ 82,325</u>	<u>\$ 86,654</u>	<u>\$ 80,600</u>	<u>\$ 6,054</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cemetery Care				
Personal services	\$ 8,416	\$ 14,610	\$ 19,115	\$ (4,505)
Contractual	46,698	50,595	20,500	30,095
Commodities	3,527	2,103	3,000	(897)
Capital outlay	1,500	803	1,000	(197)
Total Cemetery Care	60,141	68,111	43,615	24,496
City Fire				
Personal services	11,291	15,091	17,748	(2,657)
Contractual	15,576	20,082	13,000	7,082
Commodities	7,392	15,819	9,100	6,719
Capital outlay	8,004	13,281	30,267	(16,986)
Total City Fire	42,263	64,273	70,115	(5,842)
Rural Fire				
Personal services	5,810	10,341	9,180	1,161
Contractual	14,795	19,191	11,600	7,591
Commodities	7,603	11,473	5,500	5,973
Capital outlay	8,004	13,560	3,000	10,560
Total Rural Fire	36,212	54,565	29,280	25,285
Municipal Court				
Personal services	15,213	14,719	17,105	(2,386)
Contractual	4,737	5,622	12,000	(6,378)
Commodities	0	870	500	370
Capital outlay	0	0	1,000	(1,000)
Total Municipal Court	19,950	21,211	30,605	(9,394)
Recreation				
Personal services	74,709	85,864	78,695	7,169
Contractual	19,682	27,672	57,846	(30,174)
Commodities	39,512	50,932	23,500	27,432
Capital outlay	2,423	6,629	3,000	3,629
Total Recreation Department	\$ 136,326	\$ 171,097	\$ 163,041	\$ 8,056

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2A

GENERAL FUND
Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

	Prior Year Actual	Current Year		Variance Over Under
	Actual	Actual	Budget	(Under)
City Lake				
Personal services				
Personal services-wages & reim benefits	\$ 109,185	\$ 59,356	\$ 80,310	\$ (20,954)
Contractual				
Real estate taxes-cabins, commons areas and caretakers cabin	467,544	429,408	0	429,408
Other contractual	29,565	27,626	36,700	(9,074)
Commodities-including reimbursed expense	52,057	11,827	25,550	(13,723)
Capital outlay	3,840	826	0	826
Transfer to CIP	42,000	42,000	42,180	(180)
Transfer to equipment reserve	28,537	28,537	0	28,537
Total City Lake	<u>732,728</u>	<u>599,580</u>	<u>184,740</u>	<u>414,840</u>
Employee Benefits				
Social security and medicare	63,993	65,618	65,000	618
Health & dental	158,379	159,646	177,250	(17,604)
Unemployment & work comp	12,122	20,233	44,000	(23,767)
KPERS	61,279	57,582	50,000	7,582
Total Employee Benefits	<u>295,773</u>	<u>303,079</u>	<u>336,250</u>	<u>397,129</u>
Street Lighting	53,274	56,935	65,000	(8,065)
Infrastructure - sales tax disbursed	45,145	71,261	350,433	(279,172)
Infrastructure - Washington Street payment	53,503	53,503	53,503	0
Promotions/enhancement grants/Blighted	67,638	75,927	216,398	(140,471)
City .7 sales tax uses	0	0	404,085	(404,085)
Intake debt payments	59,472	59,121	59,340	(219)
PBC pool lease payments	219,934	214,110	214,110	0
Transfers to other funds (except lake above)	<u>59,000</u>	<u>20,000</u>	<u>59,000</u>	<u>(39,000)</u>
Total Expenditures	<u>2,905,209</u>	<u>2,907,919</u>	<u>3,354,816</u>	<u>(446,897)</u>
Receipts Over (Under) Expenditures	86,346	33,425	<u>\$ (1,018,933)</u>	<u>\$ 1,052,358</u>
Unencumbered Cash, January 1	<u>1,458,061</u>	<u>1,544,407</u>		
Unencumbered Cash, December 31	<u>\$ 1,544,407</u>	<u>\$ 1,577,832</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2B

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

INDUSTRIAL DEVELOPMENT

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 13,999	\$ 14,534	\$ 14,343	\$ 191
Expenditures				
Industrial Development	<u>13,129</u>	<u>14,534</u>	<u>15,523</u>	<u>(989)</u>
Receipts Over (Under) Expenditures	870	0	<u>\$ (1,180)</u>	<u>\$ 1,180</u>
Unencumbered Cash, January 1	<u>1,528</u>	<u>2,398</u>		
Unencumbered Cash, December 31	<u>\$ 2,398</u>	<u>\$ 2,398</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2C

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

LIBRARY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 70,018	\$ 72,661	\$ 71,707	\$ 954
Expenditures				
Library appropriation	<u>67,488</u>	<u>72,661</u>	<u>79,400</u>	<u>(6,739)</u>
Receipts Over (Under) Expenditures	2,530	0	<u>\$ (7,693)</u>	<u>\$ 7,693</u>
Unencumbered Cash, January 1	<u>9,419</u>	<u>11,949</u>		
Unencumbered Cash, December 31	<u>\$ 11,949</u>	<u>\$ 11,949</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2D

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

LIBRARY BENEFITS

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 28,177	\$ 29,188	\$ 28,736	\$ 452
Expenditures				
Library appropriation	<u>27,238</u>	<u>29,188</u>	<u>25,903</u>	<u>3,285</u>
Receipts Over (Under) Expenditures	939	0	<u>\$ 2,833</u>	<u>\$ (2,833)</u>
Unencumbered Cash, January 1	<u>727</u>	<u>1,666</u>		
Unencumbered Cash, December 31	<u>\$ 1,666</u>	<u>\$ 1,666</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2E

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

SPECIAL HIGHWAY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas	\$ 55,412	\$ 55,595	\$ 56,090	\$ (495)
Expenditures				
Street repairs and improvements	<u>20,000</u>	<u>22,207</u>	<u>203,592</u>	<u>(181,385)</u>
Receipts Over (Under) Expenditures	35,412	33,388	<u>\$ (147,502)</u>	<u>\$ 180,890</u>
Unencumbered Cash, January 1	<u>91,492</u>	<u>126,904</u>		
Unencumbered Cash, December 31	<u>\$ 126,904</u>	<u>\$ 160,292</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2F

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

SPECIAL RECREATION

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Liquor tax	\$ 3,613	\$ 1,583	\$ 4,000	\$ (2,417)
Other	0	0	0	0
Total Receipts	3,613	1,583	4,000	(2,417)
Expenditures				
Parks & recreation	2,850	8,540	16,690	(8,150)
Adjustment for qualifying budget credits	0	0	0	0
Total Expenditures	2,850	8,540	16,690	(8,150)
Receipts Over (Under) Expenditures	763	(6,957)	<u>\$ (12,690)</u>	<u>\$ 5,733</u>
Unencumbered Cash, January 1	10,190	10,953		
Unencumbered Cash, December 31	<u>\$ 10,953</u>	<u>\$ 3,996</u>		

The City of Council Grove
Morris County, Kansas

Schedule 2G

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

EMPLOYEE BENEFITS

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Taxes	\$ 1,592	\$ 1,816	\$ 3,000	\$ (1,184)
Reimbursed expense	0	0	0	0
Transfers In	0	0	0	0
Total Receipts	1,592	1,816	3,000	(1,184)
Expenditures				
Social Security	0	0	0	0
Health & dental	2,620	12,840	13,793	(953)
Unemployment	0	0	0	0
KPERS	0	0	0	0
Workers compensation	0	0	0	0
Firemen's relief	1,062	953	0	953
Adjustment for budget credit	0	0	0	0
Total Expenditures	3,682	13,793	13,793	0
Receipts Over (Under) Expenditures	(2,090)	(11,977)	\$ (10,793)	\$ (1,184)
Unencumbered Cash, January 1	19,756	17,666		
Unencumbered Cash, December 31	\$ 17,666	\$ 5,689		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2H

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

HIGHWAY MAINTENANCE

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
State of Kansas	\$ 139,665	\$ 21,555	\$ 21,540	\$ 15
Expenditures				
Street improvements	0	0	71,604	(71,604)
Adjustments for qualifying budget credits	0	0	0	0
Total expenditures	0	0	71,604	(71,604)
Receipts Over (Under) Expenditures	139,665	21,555	\$ (50,064)	\$ 71,619
Unencumbered Cash, January 1	(89,602)	50,063		
Unencumbered Cash, December 31	\$ 50,063	\$ 71,618		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 21

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

DIVERSION

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Diversion fees	\$ 2,009	\$ 1,150	\$ 2,000	\$ (850)
Expenditures				
Commodities	<u>3,663</u>	<u>1,500</u>	<u>11,456</u>	<u>(9,956)</u>
Receipts Over (Under) Expenditures	(1,654)	(350)	<u>\$ (9,456)</u>	<u>\$ 9,106</u>
Unencumbered Cash, January 1	<u>7,456</u>	<u>5,802</u>		
Unencumbered Cash, December 31	<u>\$ 5,802</u>	<u>\$ 5,452</u>		

The City of Council Grove
Morris County, Kansas

Schedule 2J

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

EQUIPMENT RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Transfers In	\$ 111,037	\$ 72,037
Other receipts	4,915	1,200
Grants	<u>0</u>	<u>4,999</u>
 Total Receipts	 115,952	 78,236
Expenditures		
Equipment	<u>81,806</u>	<u>96,834</u>
 Receipts Over (Under) Expenditures	 34,146	 (18,598)
Unencumbered Cash, January 1	<u>234,855</u>	<u>269,001</u>
Unencumbered Cash, December 31	<u>\$ 269,001</u>	<u>\$ 250,403</u>

The City of Council Grove
Morris County, Kansas

Schedule 2K

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

COMPUTER TECH & EQUIPMENT FUND

	Prior Year Actual	Current Year Actual
Receipts		
Transfer from refuse	\$ 5,368	\$ 5,291
Reimbursed expense	1,443	0
Total Receipts	6,811	5,291
Expenditures		
Equipment	25,094	7,020
Receipts Over (Under) Expenditures	(18,283)	(1,729)
Unencumbered Cash, January 1	30,684	12,401
Unencumbered Cash, December 31	\$ 12,401	\$ 10,672

The City of Council Grove
Morris County, Kansas

Schedule 2L

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

CAPITAL IMPROVEMENT RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Other receipts	\$ 0	\$ 0
Reimbursed expenses	31,072	44,881
Loan proceeds	0	0
Transfers in	<u>72,000</u>	<u>72,000</u>
Total Receipts	103,072	116,881
Expenditures		
Capital Improvements	<u>114,753</u>	<u>40,163</u>
Receipts Over (Under) Expenditures	(11,681)	76,718
Unencumbered Cash, January 1	<u>413,339</u>	<u>401,658</u>
Unencumbered Cash, December 31	<u>\$ 401,658</u>	<u>\$ 478,376</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2M

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

BOND & INTEREST

	Prior Year Actual	Current Year		Variance Over Over (Under)
		Actual	Budget	
Receipts				
Morris County	\$ 24,333	\$ 3,917	\$ 2,877	\$ 1,040
Expenditures				
Principal	25,000	0	0	0
Interest	1,225	0	0	0
Cash basis reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>26,225</u>	<u>0</u>	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	(1,892)	3,917	<u>\$ 2,877</u>	<u>\$ 1,040</u>
Unencumbered Cash, January 1	<u>7,322</u>	<u>5,430</u>		
Unencumbered Cash, December 31	<u>\$ 5,430</u>	<u>\$ 9,347</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2N

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

CAPITAL PROJECTS FUND

	Prior Year Actual	Current Year Actual
Receipts		
Hays House grant reimbursement	\$ 60,773	\$ 53,227
Hays House match	38,000	73,368
Donations	0	0
Total Receipts	98,773	126,595
Expenditures		
Pool project	1,000	1,000
Hays House project	190,731	34,637
Riverwalk project	0	131,989
Other projects	10,182	519
Total Expenditures	201,913	168,145
Receipts Over (Under) Expenditures	(103,140)	(41,550)
Unencumbered Cash, January 1	71,820	(31,320)
Unencumbered Cash, December 31	\$ (31,320)	\$ (72,870)

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 20

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

WATER UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Customer receipts	\$ 649,735	\$ 702,530	\$ 692,000	\$ 10,530
Penalties	7,616	7,347	7,000	347
Reimbursed expenses	104	1,073	0	1,073
Other	0	0	0	0
Total Receipts	657,455	710,950	699,000	11,950
Expenditures				
Production				
Personal services	96,421	83,037	117,750	(34,713)
Contractual services	100,549	88,709	99,400	(10,691)
Commodities	98,269	103,329	65,300	38,029
Capital outlay	4,596	11,028	0	11,028
Total Production	299,835	286,103	282,450	(3,653)
Distribution				
Personal services	113,831	121,797	117,400	4,397
Contractual services	21,496	20,784	55,250	(34,466)
Commodities	30,153	7,130	37,300	(30,170)
Capital outlay	15,198	13,339	18,000	(4,661)
Total Distribution	\$ 180,678	\$ 163,050	\$ 227,950	\$ 64,900

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 20

Schedule of Receipts and Expenditures – Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

WATER UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
General and administrative				
Personal services	\$ 33,900	\$ 30,242	\$ 37,150	\$ (6,908)
Contractual services	18,593	10,212	20,900	(10,688)
Commodities	3,497	1,395	3,100	(1,705)
Capital outlay	15,000	1,500	8,500	(7,000)
Other	14,312	16,904	13,000	3,904
Total General and administrative	85,302	60,253	82,650	22,397
Debt service	166,643	156,445	157,095	(650)
Adjustments for qualifying budget credits	0	0	0	0
Transfers out	58,500	58,500	73,500	(15,000)
Total Expenditures	790,958	724,351	823,645	(99,294)
Receipts Over (Under) Expenditures	(133,503)	(13,401)	\$ (124,645)	\$ 111,244
Unencumbered Cash, January 1	527,268	393,765		
Unencumbered Cash, December 31	\$ 393,765	\$ 380,364		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2P

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

WATER MAINTENANCE RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Water plant loan proceeds	\$ 0	\$ 0
Transfer from water	<u>15,000</u>	<u>15,000</u>
Total Receipts	15,000	15,000
Expenditures		
Water system maintenance	11,975	35,766
Other	<u>0</u>	<u>0</u>
Total Expenditures	<u>11,975</u>	<u>35,766</u>
Receipts Over (Under) Expenditures	3,025	(20,766)
Unencumbered Cash, January 1	<u>190,772</u>	<u>193,797</u>
Unencumbered Cash, December 31	<u>\$ 193,797</u>	<u>\$ 173,031</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2Q

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

WATER BOND RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Water bonds issued	\$ 0	\$ 0
Transfer from water	0	0
Total Receipts	0	0
Expenditures		
Water system bonds	0	0
Total Expenditures	0	0
Receipts Over (Under) Expenditures	0	0
Unencumbered Cash, January 1	88,500	88,500
Unencumbered Cash, December 31	\$ 88,500	\$ 88,500

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2R

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

SEWER UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for services	\$ 229,240	\$ 241,821	\$ 232,000	\$ 9,821
Special assessments	0	0	0	0
Other	300	0	0	0
Total Receipts	<u>229,540</u>	<u>241,821</u>	<u>232,000</u>	<u>9,821</u>
Expenditures				
Personal services	55,811	49,121	59,220	(10,099)
Contractual services	19,441	15,789	31,750	(15,961)
Commodities	25,124	23,932	21,300	2,632
Capital outlay	15,687	1,620	9,000	(7,380)
Principal & interest	88,606	88,606	88,606	0
Transfers out	<u>30,000</u>	<u>30,000</u>	<u>41,989</u>	<u>(11,989)</u>
Total Expenditures	<u>234,669</u>	<u>209,068</u>	<u>251,865</u>	<u>(42,797)</u>
Receipts Over (Under) Expenditures	(5,129)	32,753	<u>\$ (19,865)</u>	<u>\$ 52,618</u>
Unencumbered Cash, January 1	<u>310,107</u>	<u>304,978</u>		
Unencumbered Cash, December 31	<u>\$ 304,978</u>	<u>\$ 337,731</u>		

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2S

Schedule of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

SEWER RESERVE

	Prior Year Actual	Current Year Actual
Receipts		
Transfer from sewer	\$ 20,000	\$ 20,000
Sewer loan	<u>0</u>	<u>0</u>
Total Receipts	20,000	20,000
Expenditures		
Sewer system maintenance	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	20,000	20,000
Unencumbered Cash, January 1	<u>146,361</u>	<u>166,361</u>
Unencumbered Cash, December 31	<u>\$ 166,361</u>	<u>\$ 186,361</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 2T

Schedule of Receipts and Expenditures - Actual and Budget
Regulatory Basis
For the Year Ended December 31, 2016
(With Comparative Actual Totals for the Prior Year Ended December 31, 2015)

REFUSE UTILITY

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Receipts				
Charges for services	\$ 144,225	\$ 145,577	\$ 150,000	\$ (4,423)
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	144,225	145,577	150,000	(4,423)
Expenditures				
Contractual services	138,847	137,198	145,000	(7,802)
Transfer to computer/equip fund	<u>5,368</u>	<u>5,291</u>	<u>5,000</u>	<u>291</u>
Total Expenditures	<u>144,215</u>	<u>142,489</u>	<u>150,000</u>	<u>(7,511)</u>
Receipts Over (Under) Expenditures	10	3,088	<u>\$ 0</u>	<u>\$ 3,088</u>
Unencumbered Cash, January 1	<u>4,673</u>	<u>4,683</u>		
Unencumbered Cash, December 31	<u>\$ 4,683</u>	<u>\$ 7,771</u>		

The City of Council Grove
Morris County, Kansas

Schedule 2U

Schedule of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2016

TRUST FUND

	<u>Cemetery Endowment</u>
Receipts	
Lots and care	\$ 1,050
Expenditures	
Cemetery care	<u>0</u>
Receipts Over (Under) Expenditures	1,050
Unencumbered Cash, January 1	<u>89,745</u>
Unencumbered Cash, December 31	<u>\$ 90,795</u>

See Accompanying Auditors' Report.

The City of Council Grove
Morris County, Kansas

Schedule 3

AGENCY FUNDS
Summary of Receipts and Disbursements
Regulatory Basis
For the Year Ended December 31, 2016

	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Performance Bond	\$ 1,913	\$ 0	\$ 0	\$ 1,913
Total	<u>\$ 1,913</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,913</u>

The City of Council Grove
Morris County, Kansas

Schedule 4

Summary of Receipts and Expenditures
Regulatory Basis
For the Year Ended December 31, 2016

Related Municipal Entity

PUBLIC BUILDING COMMISSION

	Pool P&I reserve	Pool Bond Reserve Account	PBC Total
Receipts			
Lease payments from city	\$ 214,100	\$ 0	\$ 214,100
Pool project remaining funds	<u>0</u>	<u>0</u>	<u>0</u>
Total Receipts	214,100	0	214,100
Expenditures			
Pool principal and interest	214,100	0	214,100
Transfers to P&I	0	0	0
Costs of Issuance	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>214,100</u>	<u>0</u>	<u>214,100</u>
Receipts Over (Under) Expenditures	0	0	0
Unencumbered Cash, January 1	<u>0</u>	<u>313,500</u>	<u>313,500</u>
Unencumbered Cash, December 31	<u>\$ 0</u>	<u>\$ 313,500</u>	<u>\$ 313,500</u>